
Introduced by Senator SotoFebruary 20, 2003

An act to amend Sections 22792 and 22850 of the Government Code, relating to the Public Employees' Medical and Hospital Care Act.

LEGISLATIVE COUNSEL'S DIGEST

SB 436, as introduced, Soto. Public employees' retirement system: health plan contracts.

The Public Employees' Medical and Hospital Care Act permits the Board of Administration of the Public Employees' Retirement System to enter into contracts with specified entities offering health benefits plans or related administrative services, not to exceed 3 years.

This bill would eliminate the 3-year limitation on these contracts.

Existing law permits any contracting agency, as defined, to elect by resolution to participate in the Public Employees' Retirement System, as specified, for health benefits plans.

This bill would permit the Board of Administration by regulation to require that these contracting agencies comply with certain board-determined criteria prior to participation in the system. The bill would also make nonsubstantive, technical changes.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 22792 of the Government Code is
2 amended to read:
3 22792. The board may, without compliance with any
4 provisions of law relating to competitive bidding, enter into



1 contracts with carriers offering health benefit plans or with entities
2 offering services relating to the administration of health benefits
3 plans. Every contract for health ~~benefit~~ *benefits* plans shall be for
4 a uniform term of at least one year, but may be made automatically
5 renewable from term to term in the absence of notice of
6 termination by either party. Every contract with entities providing
7 administrative services with respect to the operation of the board's
8 self-funded plan shall be on ~~such~~ *those* terms as the board in its
9 discretion deems necessary or desirable.

10 The board may fix the beginning and ending dates of contracts
11 with carriers of health benefits plans and with entities offering
12 services in connection with the administration of health benefits
13 plans in a manner it deems consistent with administration of this
14 part. Irrespective of any agreed-upon termination date, the board
15 may extend a contract for a reasonable period of time, subject to
16 existing terms and conditions or any new terms and conditions
17 which are agreed upon. ~~In no event shall the term of any contract~~
18 ~~exceed three years.~~

19 SEC. 2. Section 22850 of the Government Code is amended
20 to read:

21 22850. (a) A contracting agency and its employees and
22 annuitants shall be subject to this part upon the filing with the
23 board of a resolution of its governing body electing to be ~~so~~
24 subject. The resolution shall be adopted by a majority vote and
25 shall be effective ~~at such time~~ as is provided in board regulations.

26 (b) *Pursuant to Section 22775, the board may by regulation*
27 *require any contracting agency that elects to become subject to this*
28 *part to meet certain board-determined criteria, including, but not*
29 *limited to, additional requirements for any contracting agency that*
30 *elects to become subject to this part that previously terminated*
31 *coverage pursuant to Section 22853.*

